

HOUSATONIC VALLEY
ASSOCIATION, INC
AND HVA FOUNDATION, INC.

Consolidated Financial Statements
June 30, 2019



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 17



Independent Auditor's Report

To the Board of Directors of
Housatonic Valley Association, Inc
and HVA Foundation, Inc.
Cornwall Bridge, CT 06754

We have audited the accompanying consolidated statement of financial position of Housatonic Valley Association, Inc and HVA Foundation, Inc. (non-profit organizations) as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housatonic Valley Association, Inc. and HVA Foundation, Inc. as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
November 26, 2019

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 325,976
Accounts Receivable	277,524
Prepaid Expenses	11,308

Total Current Assets 614,808

Property and Equipment:

Land	216,206
Buildings and Renovations	369,106
Furnishings and Equipment	190,273
Less: Accumulated Depreciation	(487,086)

Net Property and Equipment: 288,499

Other Assets:

Investments	1,474,963
Note Receivable	30,000
Deferred Land Sale Costs	6,342

Total Other Assets 1,511,305

TOTAL ASSETS \$ 2,414,612

LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts Payable	\$ 8,933
Accrued Salaries and Wages	13,251

Total Current Liabilities 22,184

Net Assets:

Without Donor Restrictions	603,331
With Donor Restrictions	1,789,097

Total Net Assets 2,392,428

TOTAL LIABILITIES AND NET ASSETS \$ 2,414,612

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains and Other Support</u>			
Membership Dues	\$ 48,363	\$ -	\$ 48,363
Contributions Above Dues	732,827	-	732,827
Grants	439,288	324,814	764,102
Events	165,646	-	165,646
Fees	68,917	-	68,917
Rent	8,500	-	8,500
Investment Income	6,203	25,062	31,265
Unrealized Gains (Losses) on Investments	17,363	59,087	76,450
Net Assets Released from Restrictions	383,453	(383,453)	-
<u>Total Revenues, Gains and Other Support</u>	<u>1,870,560</u>	<u>25,510</u>	<u>1,896,070</u>
<u>Expenses</u>			
Program Services:			
Issue Response	62,165	-	62,165
Environmental Education	249,269	-	249,269
Land Protection	624,048	-	624,048
Water Protection	500,292	-	500,292
Total Program Services	<u>1,435,774</u>	<u>-</u>	<u>1,435,774</u>
Supporting Services:			
Membership	128,527	-	128,527
Events	77,756	-	77,756
Management & General	37,763	-	37,763
Fundraising	99,061	-	99,061
Total Supporting Services	<u>343,107</u>	<u>-</u>	<u>343,107</u>
<u>Total Expenses</u>	<u>1,778,881</u>	<u>-</u>	<u>1,778,881</u>
<u>Change in Net Assets</u>	<u>91,679</u>	<u>25,510</u>	<u>117,189</u>
<u>Net Assets at Beginning of Year</u>	<u>511,652</u>	<u>1,763,587</u>	<u>2,275,239</u>
<u>Net Assets at End of Year</u>	<u>\$ 603,331</u>	<u>\$ 1,789,097</u>	<u>\$ 2,392,428</u>

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Programs</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Expenses and Losses:</u>				
Salaries & Wages	\$ 740,015	\$ 125,457	\$ 71,908	\$ 937,380
Pension Expense	28,567	4,702	2,891	36,160
Payroll Taxes	60,773	10,233	6,052	77,058
Employee Benefits	47,327	8,283	3,550	59,160
Workers Compensation Insurance	12,109	1,993	1,226	15,328
Consulting Services	398,167	12,160	339	410,666
Professional Fees	6,375	1,029	441	7,845
Occupancy	9,654	2,891	1,379	13,924
Advertising	651	850	135	1,636
Postage & Shipping	4,276	2,387	242	6,905
Printing	9,280	31,656	3,620	44,556
Telephone	1,963	344	147	2,454
Technology Expense	14,415	3,590	899	18,904
Supplies	35,535	4,205	1,210	40,950
Travel	18,767	3,003	1,394	23,164
Meetings and Events	9,675	22,256	451	32,382
Memberships & Publications	14,496	65	1,005	15,566
Other Taxes	930	2,287	133	3,350
Insurance	5,599	2,867	773	9,239
Liability Insurance	3,426	498	249	4,173
Rent	7,762	-	158	7,920
Depreciation	6,012	3,290	859	10,161
<u>Total Expenses and Losses</u>	<u>\$ 1,435,774</u>	<u>\$ 244,046</u>	<u>\$ 99,061</u>	<u>\$ 1,778,881</u>

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditors' Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 117,189
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	10,161
Unrealized (Gains) Losses on Investments	(76,450)
Decrease in Accounts Receivable	376,465
Increase in Note Receivable	(30,000)
Decrease in Prepaid Expenses	15,905
Decrease in Accounts Payable	(357,931)
Decrease in Accrued Salaries and Wages	(1,089)
<u>Net Cash Provided By Operating Activities</u>	<u>54,250</u>

Cash Flows From Investing Activities:

Net Proceeds From Sale of Investments	35,000
Purchase of Investments	(143,386)
<u>Net Cash Used In Investing Activities</u>	<u>(108,386)</u>

Net Increase in Cash and Cash Equivalents (54,136)

Cash and Cash Equivalents at Beginning of Year 380,112

Cash and Cash Equivalents at End of Year \$ 325,976

Supplemental Information:

Cash Paid for Interest	\$ -
Cash Paid for Taxes	-

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations and Nature of Activities

The Housatonic Valley Association, Inc. (“HVA”) is a nonprofit citizen’s organization whose purpose is to protect and preserve the natural environment and scenic beauty of the Housatonic River watershed, from the headwaters above Pittsfield, Massachusetts to Long Island Sound, by fostering the best practices of education, conservation and land use. Its main office is in Cornwall Bridge, Connecticut, and satellite offices are maintained in South Lee, Massachusetts and Wassaic, New York. Major activities include an environmental resource center for use by the general public, governmental units and other organizations; environmental education; land use planning; periodic publications; establishing a Source-to-Sound Riverbelt (a conservation and recreation path along the entire length of the river); and responding/studying/alerting the community to potential problems relating to open space, groundwater and river quality.

HVA Foundation, Inc. was originally formed in April 1994 to create an endowment for financial support of HVA, which is the sole member of the organization.

Basis of Accounting and Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and consolidate Housatonic Valley Association, Inc. with HVA Foundation, Inc. The notes to the financial statements refer to both organizations collectively as “HVA”.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board codification of accounting standards, including ASU 2016-14 which has been adopted for the year ended June 30, 2019. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and assets with donor restrictions.

Contributions and Promises to Give

Contributions are defined as voluntary, nonreciprocal transfers. Grants from various organizations for specific programs are treated as contributions for accounting and reporting purposes. Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

Donated Assets

Donated assets are recognized at their estimated fair market value. HVA reports gifts of land, buildings, equipment and other assets as unrestricted support unless donor stipulations specify how the donated assets must be used. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Contributed Services

Donated materials and services, if of a material amount, are reflected in the accompanying statements at their fair market value at date of receipt. Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills. During the year ended June 30, 2019 the value of contributed services meeting the criteria for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and talents and perform a variety of tasks that assist the Association in its overall purpose

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, accrual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of bank accounts, and cash invested in readily marketable mutual funds. Included in cash equivalents are money market funds of \$20,153 which are permanently restricted.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Management believes that all accounts receivable are collectible and, therefore, has not recorded an allowance for doubtful accounts.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

Property and Equipment

Purchased buildings and renovations, personal property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. Depreciation is provided over the estimated useful lives of the assets ranging from 3 to 30 years using the straight-line method. Depreciation expense for the fiscal year ended June 30, 2019 was \$10,161.

Land Easements

Easements are not recorded as assets or revenue on the Organization's financial statements. Easements are separately tracked and monitored for compliance with easement restrictions for each property on which the Organization has been granted an easement.

Functional Expenses

The costs of providing various programs and activities have been presented on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on a combination of specific identification and allocation by management determined by analysis of the personnel and other costs specific to and space utilized for the related activities.

Income Tax Status

The Housatonic Valley Association, Inc. and the HVA Foundation, Inc. are each a separate non-stock corporation, and both are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. In addition, both Organizations' qualify for the charitable contribution deduction under Section 170 (b) (1) (A) and each has been classified as organization that is not a private foundation under Section 509 (a) (2).

NOTE 2 – INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

Investments held as of June 30, 2019 consisted of the following:

	<u>Cost Basis</u>	<u>Fair Value</u>
Publically traded mutual funds	\$ 653,855	\$ 1,157,106
Certificates of deposit	29,985	30,145
Publically traded equity investments	281,749	287,712
	<u>\$ 965,589</u>	<u>\$ 1,474,963</u>

The following schedule summarizes the investment return included in the statement of activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment Income (net of \$3,244 advisory fees)	\$ 6,203	\$ 25,062	\$ 31,265
Unrealized Gains	17,363	59,087	76,450
Total Investment Return	<u>\$ 23,566</u>	<u>\$ 84,149</u>	<u>\$ 107,715</u>

NOTE 3 – NOTE RECEIVABLE

On November 1, 2018 the Association made a loan in the amount of \$30,000 to the Sheffield Land Trust to assist in the purchase of a parcel to protect. The note includes interest at 3% through October 31, 2020 increasing to 6% thereafter. Annual payments of interest only are due on November 1 of each year. The note matures on November 1, 2021 at which time the principal amount is due in full. The note is secured by assets of the Sheffield Land Trust.

NOTE 4 – BANK EQUITY LINE OF CREDIT

On August 12, 2004, HVA entered into an equity line of credit agreement with Salisbury Bank & Trust Company allowing up to \$100,000 in short-term borrowing. The agreement provides for monthly interest payments at a rate of 1% above the bank's secured commercial lending rate and is collateralized with HVA's office facilities in Cornwall Bridge. On September 2, 2014 this agreement was extended to mature on September 12, 2019 and was granted a 90-day extension through December 12, 2019. At June 30, 2019 the balance outstanding on this line of credit was \$0.

NOTE 5 – RENTALS

A portion of the Organization's facilities are rented to others as tenants at will. Rental revenue for the year ended June 30, 2019 was \$8,500.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

NOTE 6 – RETIREMENT PLANS

HVA initiated a 403 (b) plan effective January 1, 2014 whereby they matched an employee's contribution of up to 5% of the employee's gross salary. This plan was open to all employees who worked at least 1,000 hours and for a year. The 403 (b) expense for the year ended June 30, 2019 was \$36,160.

NOTE 7 – OPERATING LEASES

HVA leases a copier under a five year non-cancellable operating lease which commenced on August 11, 2017. Total lease expenditures during the fiscal year ended June 30, 2019 were \$1,896.

The following is a schedule of future minimum lease payments:

2020	\$ 1,896
2021	1,896
2022	1,896

NOTE 8 - THE RIVER INTERN FUND

This fund was established during 2008-2009 as an endowment, the earnings from which would provide funding to hire a student intern for summer employment by the Housatonic Valley Association. During 2009-2010 the balance was transferred to the Community Foundation of North West Connecticut (CFNWCT) under an agreement which established a permanent endowment fund owned by CFNWCT. The reported balance at June 30, 2019 was \$137,408. Distributions of income from the fund to HVA are based on a spending formula to currently not exceed a ceiling of 5.75% or a floor of 4.25% of the market valuation of the endowment assets based on a rolling three year average. Distributions totaling \$5,000 were received during 2018-2019.

This fund is not included on these financial statements as ownership and control over the fund was transferred to the Community Foundation.

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

The Association's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the organization measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

	<u>June 30, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Publicly traded mutual funds	\$ 1,157,106	\$ 1,157,106	\$ -	\$ -
Certificates of deposit	30,145	30,145		
Publicly traded equity investments	287,712	287,712		
	<u>\$ 1,474,963</u>	<u>\$ 1,474,963</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 10 – NEWLY ADOPTED ACCOUNTING STANDARD

The Association adopted the provisions of ASU 2016-14 (ASU). The provisions improve the usefulness and reduce the complexities of information provided to users of the financial statements by eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements. Enhanced disclosures in the notes to the financial statements will provide useful information about the nature, amounts, and effects of the various types of donor-imposed restrictions, which also include the limits on purposes for which the resources can be used as well as the time frame for their use. The adoption of ASU 2016-14 had no effect on the net assets of the Association. The ASU has been applied retrospectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Association participates in various assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Association having liabilities to the grantors.

The Association's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 26, 2019 which corresponds to the date the financial statements were available to be issued.

NOTE 13 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2019, financial assets available within one year for general expenditures, were as follows:

Financial Assets at Year End	
Cash and Cash Equivalents	\$ 325,976
Accounts Receivable	277,524
Investments	1,474,963
Total Financial Assets	<u>2,078,463</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions - time and purpose	
With Donor Temporary Restrictions	940,072
With Donor Permanent Restrictions	642,683
Board Designated Funds	151,000
Total Not Available	<u>1,733,755</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 344,708</u>

As part of its liquidity management, the Association evaluates its liquidity requirements throughout the year, taking into consideration operating expectations and capital plans. Financial assets are structured to be available as general expenditures, liabilities and other obligations become due.

NOTE 14 – NET ASSET CATEGORIES

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in the following net asset categories:

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management.

Net Assets With Donor Restrictions

Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

Temporarily Restricted

Temporarily restricted net assets represent contributions and grants that are restricted by the donor either as to purpose or as to time of expenditure. These net assets are in the form of cash and equivalents and include accumulated earnings for the Operating Fund, the Endowed Maintenance Fund and the Hanser Land Acquisition Fund. Additionally, unrealized investment gains (losses) on investment of contributed funds in the Endowment Fund, the Endowment Maintenance Fund, the Hanser Land Acquisition Fund, the Land Stewardship Fund and the HVA Foundation funds are reported as temporarily restricted until realized.

Permanently Restricted

Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned thereon be available for operations. These net assets consist of investments in equity stocks and mutual funds totaling \$642,683, land of \$200,000 and deferred land sale costs of \$6,342. They represent the Endowment Fund, a portion of the Hanser Land Acquisition Fund, a portion of the Endowment Maintenance Fund net assets, a portion of the Land Stewardship Fund, and HVA Foundation funds.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

Assets of the various funds of the organization were as follows as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Temporarily Restricted</u>			
Education	\$ -	\$ 10,000	\$ 10,000
Greenprint/Land Planning	-	269,143	269,143
MA Access Sites	-	24,500	24,500
Employee Benefits	-	6,250	6,250
Capacity	-	44,000	44,000
Summer Intern	-	3,421	3,421
River enhancement/protection	-	11,500	11,500
Any legal fees related to easements, land and stewardship funds	-	51,982	51,982
Net unrealized investment gains of permanently restricted funds	-	519,276	519,276
<u>Total Temporarily Restricted</u>	<u>-</u>	<u>940,072</u>	<u>940,072</u>
<u>Permanently Restricted</u>			
Investments	-	642,683	642,683
Land	-	200,000	200,000
Deferred Land Sale Costs	-	6,342	6,342
<u>Total Permanently Restricted</u>	<u>-</u>	<u>849,025</u>	<u>849,025</u>
<u>Without Restrictions</u>			
Equity in Property & Equipment	88,499	-	88,499
Designated by the Board - Endowment	89,000	-	89,000
Designated by the Board - Stewardship	30,000	-	30,000
Designated by the Board - Monitoring	32,000	-	32,000
Other Operating Funds	363,832	-	363,832
<u>Net Assets Without Restrictions</u>	<u>603,331</u>	<u>-</u>	<u>603,331</u>
<u>Total Net Assets</u>	<u>\$ 603,331</u>	<u>\$ 1,789,097</u>	<u>\$ 2,392,428</u>

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

The Organization has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act as allowing or the preservation of the fair value of the original gift as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation HVA classifies as permanently restricted net assets the original value of gifts to the Endowment Fund and the other permanently restricted funds along with any accumulations to the permanent funds made in accordance with donor gift instrument directions. The remaining portion of the aforementioned funds is classified as temporarily restricted net assets until appropriated for expenditure in the manner described for each fund

NOTE 6 – FUND DETAILS

The Association maintains separate funds to hold and invest donor restricted contributions for various purposes. The funds are the Endowment Fund, the Hanser Land Acquisition Fund, the Endowed Maintenance Fund and the Land Stewardship Fund. The purpose of each fund is described as follows:

The Endowment Fund

This fund consists of land and deferred land sale costs held for investment by Housatonic Valley Association and investments in cash equivalent funds, equity stocks, mutual funds and long-term certificates of deposit held by the HVA Foundation. The Foundation has established investment policy guidelines in order to preserve the real value of funds invested.

Funds are transferred from the Endowment Fund to the Operating Fund based on a formula which considers the market value of total invested funds at the fiscal year end of the previous three years and the calendar year end of the current fiscal year. An average of the four market values is multiplied by 3% to arrive at the amount available for transfer. The Board of Directors has designated \$5,000 of this amount to be available for fee land stewardship annually.

The Hanser Land Acquisition Fund

This fund consists of funds invested in an equity mutual fund held for land protection. Earnings from the fund may be used for river enhancement and protection.

The Endowed Maintenance Fund

This fund consists of funds invested in an equity mutual fund. The initial contributions and the subsequent earnings are restricted to protect and maintain three property conservation easements.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2019

The Land Stewardship Fund

This fund consists of funds invested in an equity mutual fund. The initial contributions and subsequent earnings are restricted to protect and maintain easements.

The Board of Directors voted to designate funds totaling \$32,000 during the 2012-13 year, and \$30,000 during the 2015-16 year, for conservation easement defense. These designations were made in order to comply with a newly adopted board resolution which requires the Association to maintain a minimum of \$50,000 in dedicated or restricted reserves for the purpose of easement monitoring and legal enforcement obligations. This amount, when combined with the total restricted funds held in the Endowed Maintenance Fund and the Land Stewardship Fund resulted in a total balance of \$125,982 in dedicated and restricted funds available to protect and maintain conservation easements as of June 30, 2019.